



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

September 12, 2012

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

## **MOTION BY THE BOARD DIRECTING THE CHIEF EXECUTIVE OFFICE TO WORK WITH ASSEMBLY MEMBER MIKE GATTO'S OFFICE TO AMEND THE LANGUAGE IN ASSEMBLY BILL 404 (RELATED TO AGENDA ITEM No. 17, BOARD MEETING OF AUGUST 28, 2012)**

This memorandum responds to a motion by the Board directing the Chief Executive Office to work with Assembly Member Mike Gatto's office to amend the language in AB 404 that deals with property tax agent registration to business licensing instead.

### **Background**

On June 6, 2012, the Board adopted a motion directing County Counsel, the Executive Office of the Board, and the Registrar-Recorder/County Clerk to draft language for a new ordinance which ensures increased transparency in the property tax arena and includes the prohibition of campaign contributions from tax agents who have business before the Assessor, and report back to the Board in 30 days.

At the August 28, 2012 Board meeting, County Counsel, the Executive Office of the Board, and the Registrar-Recorder reported that AB 404 (Gatto) attempted to address some of the items in the June 6, 2012 motion, but AB 404 did not provide an appropriate or effective solution for the County. In order to assist the County, the Board instructed County Counsel to draft an ordinance to ban contributions from tax agents to any candidate for the office of county assessor, and require tax agents to register in order to produce annual reports and list contributions that they have made to elected

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Each Supervisor  
September 12, 2012  
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officials. In addition, the Board directed the Chief Executive Office to work with Assembly Member Mike Gatto on amendments to AB 404 to include language that would allow the County to adopt an ordinance requiring property tax agents to be licensed, rather than registering with executive officers of the board of supervisors.

**Status of AB 404 (Gatto)**

AB 404 (Gatto), as amended on August 24, 2012, would have required board of supervisors to adopt an ordinance to regulate property tax agents who practice before county assessors, including specific provisions on annual agent registration, quarterly reporting, and prohibition of political contributions to an elected county assessor or a candidate for county assessor in that county. **As requested by the Board, this office and the Sacramento advocates approached Assembly Member Gatto's office on August 28, 2012 to request the proposed amendments, but we were declined because the legislative deadline to amend bills on the floor was August 24, 2012.** AB 404 failed to pass the Senate on August 31, 2012, the last day of the legislative session.

The Executive Office of the Board indicates that County Counsel is currently working on the requested ordinance in accordance with the Board's instructions.

WTF:RA  
MR:PC:ma

c: Executive Office, Board of Supervisors  
County Counsel  
Registrar-Recorder/County Clerk



**STATEMENT OF PROCEEDINGS FOR THE  
REGULAR MEETING OF THE BOARD OF SUPERVISORS  
OF THE COUNTY OF LOS ANGELES HELD IN ROOM 381B  
OF THE KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012**

**Tuesday, August 28, 2012**

**9:30 AM**

- 17.** Executive Officer of the Board, County Counsel and the Registrar-Recorder/County Clerk's report regarding Supervisor Knabe's recommendation to report back to the Board in 30 days with draft language for a new ordinance which ensures increased transparency in the property tax arena in the County of Los Angeles, and prohibits campaign contributions from tax agents who have business before the Assessor, Assessor's staff, Assessment Appeals Board and Assessment Hearing Officers as requested at the meeting of June 6, 2012. (Continued from meetings of 7-10-12, 8-14-12 and 8-21-12) (12-2182)

**Eric Preven addressed the Board.**

**John F. Krattli, County Counsel, Sachi A. Hamai, Executive Officer, and Dean C. Logan, Registrar-Recorder/County Clerk, responded to questions posed by the Board.**

**During the discussion, Supervisor Knabe made an amendment to instruct County Counsel to draft an ordinance to ban contributions from tax agents to any candidate for the office of County Assessor; and direct the Chief Executive Officer to work with Assemblymember Mike Gatto's office to amend the language in Assembly Bill 404 that deals with property tax agent registration to business licensing instead.**

**Further, Supervisor Molina made an amendment to require tax agents to register in order to produce annual reports and to list contributions that they have made to elected officials.**

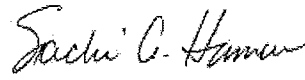
**On motion of Supervisor Ridley-Thomas, and by Common Consent, there being no objection (Supervisor Antonovich being absent), the Executive Officer of the Board, County Counsel and Registrar-Recorder/County Clerk's joint report was received and filed and the Board took the following additional actions:**

1. **Instructed County Counsel to draft an ordinance to ban contributions from tax agents to any candidate for the office of County Assessor; and direct the Chief Executive Officer to work with Assemblymember Mike Gatto's office to amend the language in Assembly Bill 404 that deals with property tax agent registration to business licensing instead; and**
2. **Require tax agents to register in order to produce annual reports and to list contributions that they have made to elected officials.**

**Attachments:**     Revised Motion by Supervisor Knabe  
                             Report  
                             Video 1  
                             Audio 1  
                             Video 2  
                             Audio 2

The foregoing is a fair statement of the proceedings of the meeting held August 28, 2012, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

Sachi A. Hamai, Executive Officer  
Executive Officer-Clerk  
of the Board of Supervisors

By 

## SUBSTITUTE MOTION BY SUPERVISOR DON KNABE

June 6, 2012

The Office of the Los Angeles County Assessor is currently surrounded by controversy, in large part due to the Assessor's alleged inappropriate relationship with a tax agent. It has been reported in the press that these agents have solicited campaign donations from their clients for the Assessor's election.

In Los Angeles County, tax agents represent and advocate for property owners before our County Assessor, the Assessment Appeals Board and Assessment Hearing Officers. They are paid to represent their clients and influence decisions. This process must be regulated and made transparent to the public. The County of Los Angeles has a very effective campaign finance ordinance that regulates financial contributions to political campaigns for county offices.

**I, THEREFORE, MOVE** that the Board of Supervisors direct the Office of County Counsel, Executive Officer and Registrar-Recorder/County Clerk to draft language for a new ordinance that ensures increased transparency in the property tax arena in the County of Los Angeles and prohibits campaign contributions from tax agents who have business before the Assessor, Assessor's staff, Assessment Appeals Board and Assessment Hearing Officers, and bring back before the Board of Supervisors in 30 days.

# # #

MOTION

MOLINA \_\_\_\_\_

RIDLEY-THOMAS \_\_\_\_\_

KNABE \_\_\_\_\_

ANTONOVICH \_\_\_\_\_

YAROSLAVSKY \_\_\_\_\_



COUNTY OF LOS ANGELES  
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET  
LOS ANGELES, CALIFORNIA 90012-2713

JOHN F. KRATTLI  
County Counsel

August 28, 2012

TELEPHONE  
(213) 974-1801  
FACSIMILE  
(213) 626-7446  
TDD  
(213) 633-0901

REVISED

TO: SUPERVISOR ZEV YAROSLAVSKY, Chairman  
SUPERVISOR GLORIA MOLINA  
SUPERVISOR MARK RIDLEY-THOMAS  
SUPERVISOR DON KNABE  
SUPERVISOR MICHAEL D. ANTONOVICH

FROM:

JOHN F. KRATTLI *John F. Krattli*  
County Counsel

SACHI A. HAMAN *Sachi A. Haman*  
Executive Officer

DEAN C. LOGAN *Dean C. Logan*  
Registrar-Recorder/County Clerk

RE:

Motion of June 6, 2012 by Supervisor Don Knabe Regarding  
Ordinance Ensuring Transparency in the Property Tax Arena

**Purpose**

On June 6, your Board directed the Office of County Counsel, Executive Officer and Registrar-Recorder/County Clerk ("RRCC") to draft language for a new ordinance that ensures increased transparency in the property tax arena in the County of Los Angeles and prohibits campaign contributions from tax agents who have business before the Assessor, Assessor's staff, Assessment Appeals Board and Assessment Hearing Officers. This memorandum is to update your Board on the work done by our three offices in this regard.

## **Background**

In Los Angeles County, tax agents are paid to represent and advocate for property owners before our County Assessor and his staff, the Assessment Appeals Board, and Assessment Appeal Hearing Officers. Due to the current criminal investigation of the County Assessor, which includes an inquiry as to whether the Assessor accepted campaign contributions from tax agents in exchange for reduced property value assessments for their clients, your Board asked for two ordinances to be drafted: one that ensures increased transparency in the property tax arena in the County of Los Angeles and; one that prohibits campaign contributions to the Assessor from tax agents who have business before the Assessor, Assessor's staff, Assessment Appeals Board and Assessment Hearing Officers.

Our three offices have examined the many issues that these ordinances would raise and have looked closely at several pieces of legislation impacting this issue that are currently pending in Sacramento.

## **Legislation Update**

Two bills, pertaining to the regulation of tax agents, were recently before the California Legislature – AB 2183 (Assembly Member Smyth) and AB 404 (Assembly Member Gatto).

AB 2183 would require a tax agent wishing to represent a taxpayer before the assessor, a county board of equalization, or an assessment appeals board, to register with a registering jurisdiction (county) prior to representing a taxpayer before that jurisdiction. This bill also sets forth a number of other requirements for registering jurisdictions to implement when establishing such a tax agent registration process. Proposed amendments to AB 2183 would require tax agents to register statewide with the California State Board of Equalization instead of each county. AB 2183 was recently pulled by the author and no longer appears viable.

AB 404, as amended on August 21, 2012, requires any county that regulates lobbying before the board of supervisors to adopt an ordinance and impose a reasonable necessary fee to regulate property tax agents and firms representing clients before the county assessor's office for compensation. The bill further requires tax agents and firms to annually register with the executive office of the board of supervisors and to file quarterly reports with the Assessor. Lastly, the bill requires that a county ordinance must further ban campaign contributions

from tax agents to an elected county official or a candidate for a county office in that county.

This bill does not apply to property owners. The bill does, however, treat attorneys who represent property owners similarly to tax agents, and would not prohibit either tax agents or attorneys from receiving a contingency fee for their services. Moreover, AB 404 contains no enforcement mechanism and, even if it did, could raise serious due process issues affecting the taxpayer in appeal hearings. Without enforcement provisions, then, this bill does nothing to add transparency to the process and places the County in the position of merely collecting fees, the cost of which is borne by the taxpayer.

Numerous organizations are opposed to AB 404 including: California Association of Clerks and Election Officials; California Alliance of Taxpayer Advocates; CalCPA; California Retailers Association; and, the Howard Jarvis Taxpayers Association. The bill was passed in the Assembly, and on August 20, 2012, it was approved by the Senate Appropriations Committee and, as of this writing, is on the Senate Third Reading File. This bill does not assist the Board in establishing greater transparency, it negatively impacts taxpayer costs of representation, and it also creates a large workload and impacts costs for both the Executive Office and Assessor.

### **Campaign Contributions**

Because campaign contributions are protected free speech under the First Amendment, a total ban on campaign contributions to County Candidates from tax agents practicing in Los Angeles County may present constitutional concerns. Should AB 404 pass, which bans campaign contributions from tax agents who act on their clients' behalf before the assessor, the County can defend its action because it will be complying with State law, even though constitutional concerns may exist. Alternatively, should AB 404 not pass, the County could consider reasonable limits on such campaign contributions as long as the limitation advances the government's interest in preventing quid pro quo corruption or the appearance thereof, but those limits cannot be so low as to place unreasonable restrictions on speech.

It should be noted, however, that enforcement of any ordinance remains a concern as it may not legitimately impair or impact the taxpayers' due process rights in an appeal of their property tax assessment. Thus, even if an agent makes an inappropriate contribution, we most likely could not prevent them from representing the taxpayer at any assessment appeals board hearing.



At this time, we recommend delaying any decision on whether to change the County's Lobbyist Ordinance pending the outcome of AB 404.

### **Other Alternatives**

#### **1. Computer Systems Enhancements**

Currently, the Executive Office's assessment appeal electronic system has the capability to permit staff to create a variety of reports. However, generating tailor-made, on-demand, reports to track tax agent activity is time consuming for the limited staff available.

The Executive Office recommends developing new system tools to enhance its database in order to generate regular reports on tax agent activities. These new tools would tie tax agents to their clients and provide selected information pertaining to the affected properties, including roll value, taxpayer's opinion of value, etc.

Additionally, the RRCC recommends enhancing its databases to allow for the tracking and reporting of campaign contributions made by tax agents and tax agent firms. Currently, RRCC's databases are only able to receive electronic versions of campaign statements mandated by the State. In order to determine possible campaign finance violations, a manual search is required by staff. The RRCC recommends systems enhancements that will allow for the effective electronic matching of tax agents and lobbyists in order to generate contribution reports.

Once enhancements are made to both the Executive Office and RRCC systems, matches could be made and a subsequent list generated which reflects those tax agents and tax agent firms who have made campaign contributions. This list would then be posted on the RRCC website, which would significantly address the transparency of the contributions.

#### **2. Reporting Requirements**

Another option to increase transparency is to have the RRCC issue instructions to the all campaign treasurers to specifically identify tax agents and/or tax agent firms who contribute to candidates in the appropriate "Occupation and Employer" section of their candidates' California Form 460. This will add an important measure of transparency with respect to tax agent campaign contributions to County candidates and will make the RRCC's task of tracking such contributions significantly easier.

### **Conclusion and Recommendations**

In light of the pending legislation, which may override any conflicting County ordinance, as well as assist the County in drafting an effective ordinance, we recommend waiting for the outcome of AB 404 prior to initiating any amendments to our County Code regulating tax agents.

We would recommend that your Board do the following:

1. Direct the Office of County Counsel, Executive Officer and RRCC to work with the CEO to report back on the status of AB 404 and AB 2183, as well as other potential legislative and administrative measures to address the issues raised with respect to the Office of the Assessor and tax agents;
2. Direct the Executive Officer and Registrar-Recorder/County Clerk to begin implementing the above described computer enhancements; and
3. Direct the RRCC to work with the CEO to put any costs required for such computer enhancements into the RRCC department's supplemental budget.
4. Direct the RRCC to issue revised instructions to campaign treasurers as described above.

If you have questions concerning this matter, please contact County Counsel John Krattli, Executive Officer Sachi Hamai, or Registrar-Recorder/County Clerk, Dean Logan.

JFK:SAH:DCL

c: William T Fujioka  
Chief Executive Officer

Santos Kriemann  
Chief Deputy Assessor

2. Recommendation to approve and authorize the Chief Executive Officer to execute the following agreements: **Documents on file in the Executive Office.**

Supervisor Yaroslavsky

Arts High Foundation in the amount of \$5,000

The Inner City Youth Orchestra of Los Angeles in the amount of \$2,500  
(12-2483)

**On motion of Supervisor Yaroslavsky, seconded by Supervisor Molina, this item was duly carried by the following vote:**

**Ayes:** 3 - Supervisor Molina, Supervisor Knabe and  
Supervisor Yaroslavsky

**Abstentions:** 2 - Supervisor Ridley-Thomas and Supervisor  
Antonovich

3. Substitute recommendation as submitted by Supervisor Knabe: Direct the Acting County Counsel, Executive Officer of the Board, and the Registrar-Recorder/County Clerk to draft language for a new ordinance which ensures increased transparency in the property tax arena in the County of Los Angeles, and prohibits campaign contributions from tax agents who have business before the Assessor, Assessor's staff, Assessment Appeals Board and Assessment Hearing Officers, and bring back before the Board in 30 days. (Continued from meeting of 5-22-12) (12-2182)

**On motion of Supervisor Knabe, seconded by Supervisor Molina, this item was approved.**

**Ayes:** 5 - Supervisor Molina, Supervisor Ridley-Thomas,  
Supervisor Knabe, Supervisor Antonovich and  
Supervisor Yaroslavsky

**Attachments:** Motion by Supervisor Knabe

SUBSTITUTE MOTION BY SUPERVISOR DON KNABE

June 6, 2012

The Office of the Los Angeles County Assessor is currently surrounded by controversy, in large part due to the Assessor's alleged inappropriate relationship with a tax agent. It has been reported in the press that these agents have solicited campaign donations from their clients for the Assessor's election.

In Los Angeles County, tax agents represent and advocate for property owners before our County Assessor, the Assessment Appeals Board and Assessment Hearing Officers. They are paid to represent their clients and influence decisions. This process must be regulated and made transparent to the public. The County of Los Angeles has a very effective campaign finance ordinance that regulates financial contributions to political campaigns for county offices.

**I, THEREFORE, MOVE** that the Board of Supervisors direct the Office of County Counsel, Executive Officer and Registrar-Recorder/County Clerk to draft language for a new ordinance that ensures increased transparency in the property tax arena in the County of Los Angeles and prohibits campaign contributions from tax agents who have business before the Assessor, Assessor's staff, Assessment Appeals Board and Assessment Hearing Officers, and bring back before the Board of Supervisors in 30 days.

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MOTION

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RIDLEY-THOMAS	_____
KNABE	_____
ANTONOVICH	_____
YAROSLAVSKY	_____

13. Recommendation as submitted by Supervisor Yaroslavsky: Waive parking fees totaling \$5,800, excluding the cost of liability insurance, at Dockweiler State Beach for volunteers and participants of the Malibu Foundation for Environmental Education's walk-through meeting with Teachers and Staff, to be held May 26, 2012 from 9 a.m. to 1:30 p.m. and the organization's annual Kids Ocean Day Adopt-A-Beach Clean-up program, to be held June 7, 2012. (12-2164)

**On motion of Supervisor Yaroslavsky, seconded by Supervisor Antonovich, this item was approved.**

**Ayes:** 5 - Supervisor Molina, Supervisor Ridley-Thomas, Supervisor Knabe, Supervisor Antonovich and Supervisor Yaroslavsky

**Attachments:** Motion by Supervisor Yaroslavsky

14. Recommendation as submitted by Supervisor Knabe: Direct the Acting County Counsel to draft language to include Tax Agents or any other person that may represent property owners before the Assessor or the Assessment Appeals Board to be regulated under the County's existing Lobbyist Ordinance (Chapter 2.160) in the County Code; and bring the proposed language before the Board within 15 days. (12-2182)

**Eric Preven and Steven Lamb addressed the Board.**

**By Common Consent, there being no objection, this item was continued to Wednesday, June 6, 2012.**

**Attachments:** Motion by Supervisor Knabe  
Video  
Audio

MOTION BY SUPERVISOR DON KNABE

May 15, 2012

The Office of the Los Angeles County Assessor is currently surrounded by controversy, in large part due to the Assessor's perceived inappropriate relationship with a Tax Agent. It has been reported in the press, that these agents have solicited campaign donations from their clients for the Assessor's election.

In Los Angeles County, Tax Agents represent and advocate for property owners before both our County Assessor and Assessment Appeals Board. Like lobbyists, they are paid to represent their clients and influence decisions. This process must be regulated and transparent to the public. The County of Los Angeles has a very effective Lobbyist Ordinance that regulates what these individuals can do.

**I, THEREFORE, MOVE** that the Board of Supervisors direct the Office of County Counsel to draft language to include Tax Agents or any other person that may represent property owners before the Assessor or the Assessment Appeals Board under the County's existing Lobbyist Ordinance (Chapter 2.160) in the County Code and bring the proposed language before the Board in 15 days.

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MOTION

MOLINA \_\_\_\_\_

RIDLEY-THOMAS \_\_\_\_\_

KNABE \_\_\_\_\_

ANTONOVICH \_\_\_\_\_

YAROSLAVSKY \_\_\_\_\_